Corporate Update

Ranhill Utilities Berhad

(5272 | RANH MK) Main | Utilities

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4QFY26 Results Review
Water Demand to Remain Strong

Downgrade to NEUTRAL. We downgrade Ranhill Utilities to **NEUTRAL** from BUY, albeit with a higher sum-of-the-parts derived **TP** of **RM2.84** from RM2.56 previously following housekeeping adjustments to our net debt assumptions. While we remain positive on Ranhill SAJ's longer-term earnings prospects, underpinned by rising water demand, we believe much of these positives have increasingly been reflected in the share price following the recent rally. We expect Ranhill SAJ to continue contributing strongly to the group's earnings moving forward, attributable due to the growth of data centres in Johor and the upcoming economic growth prospects from the Johor-Singapore SEZ and Special Financial Zone.

Below expectations. Ranhill posted a core net profit of RM36.5m (-40.5%qoq) in 4QFY26, contributed mainly by Ranhil SAJ. While there is no comparable quarter in the last FY due to the change in financial year end from Dec to Jun, the comparison with 6QFY25 ending Jun-25 showed a +75.7%yoy growth, after stripping off the recognition of a 2024 matching grant of RM48.9m and an impairment of RM13.9m. The cumulative 12MFY26 came in slightly below expectations at RM170.0m, making up 89.0% of our full-year estimates but within consensus at 100.3%.

Key takeaways. The group's revenue rose +7.3%qoq during the quarter to RM657.0m. While this was mainly contributed by Ranhill SAJ, there was a slight decline by -2.8%qoq to RM454.1m. Removing the RM48.9m government grant, PBT margin declined slightly to 14.5% from 16.9% last quarter. This weaker performance from water was offset by a much stronger performance from the consultancy and services segment with a +57.7%qoq growth in revenue to RM138.9m, which saw a pretax margin growth to 14.2% from 7.6% last quarter. The power segment booked a revenue growth of +11.6% to RM64.0m but slipped into the red with a loss before tax of -RM8.0m.

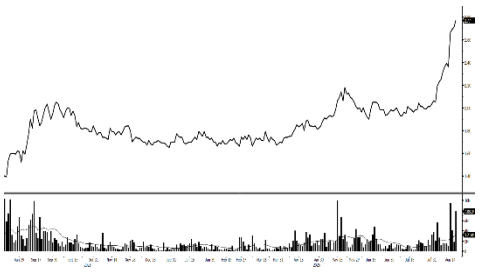
Earnings revision. We make no changes to our FY27F earnings forecast despite FY26 results coming in slightly below expectations, as we do not view the shortfall as signalling a change in the group's underlying earnings trajectory. We expect continued water-demand growth in Johor, supported by the upcoming JS-SEZ, rising data centre consumption and the broader multiplier effects from incoming industrial and commercial investments. However, we are revising our TP upwards to RM2.84 from RM2.56 previously after some housekeeping changes to our net debt assumptions.

Downgrade to **NEUTRAL**
(from BUY)

Revised Target Price **RM2.84**
(from RM2.56)

RETURN STATISTICS	
Price @ 19th Aug 2026 (RM)	2.77
Expected share price return (%)	+2.5
Expected dividend yield (%)	+0.4
Expected total return (%)	+2.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	41.3	40.6
3months	41.3	28.4
12 months	97.9	81.5

INVESTMENT STATISTICS

FYE Jun	2025A	2026A	2027F
Revenue	3,292.5	2,490.7	2,988.8
Operating Profit	183.2	214.0	395.6
Profit Before Tax	148.8	334.9	392.7
Core PATAMI	76.3	170.0	207.1
Core EPS	5.9	13.1	16.0
DPS	0.25	-	1.0
Dividend Yield	0.2%	-	0.4%

KEY STATISTICS	
FBM KLCI	1,731.32
Issue shares (m)	1288.64
Estimated free float (%)	29.92
Market Capitalisation (RM'm)	3,589.78
52-wk price range	RM1.37 - RM2.83
3-mth average daily volume (m)	1.91
3-mth average daily value (RM'm)	4.06
Top Shareholders (%)	
SIPP Power Sdn Bhd	34.32
YTL Power International Bhd	18.87
United Overseas Bank Ltd	9.09

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Sum-of-Parts Valuation

Concessions	Valuation method	Value (RMm)	Stake	Shares out	RM/share
RP 1	DCF	12.9	60.0%	1,295.9	0.01
RP 2	DCF	102.2	80.0%	1,295.9	0.06
RS 1	DCF	221.1	100.0%	1,295.9	0.17
Water (SAJ)	DCF	3,926.1	80.0%	1,295.9	2.42
NRW	EV/EBITDA	63.0	100.0%	1,295.9	0.05
Associates	PER	178.4		1,295.9	0.14
RBSB & RWSB	EV/EBITDA	208.3		1,295.9	0.16
Gross value		**4,503.7**			**3.01**
	Group net cash/(debt)	(582.3)		1,295.9	-0.17
Net value		**3,921.5**		**1,295.9**	**2.84**

RANHILL UTILITIES: 4QFY26 RESULT SUMMARY

FYE Jun (RMm)	6Q25	3Q26	4Q26	QoQ	YoY	3Q to 6Q of FY25	12MFY26	YTD
Revenue	**504.9**	**612.5**	**657.0**	**7.3%**	**30.1%**	**2,168.7**	**2,490.7**	**14.8%**
EBITDA	248.7	230.4	326.2	41.6%	31.1%	**723.5**	556.6	-23.1%
Depreciation & amortisation	(217.9)	(132.1)	(199.6)	51.2%	-8.4%	**(595.6)**	(591.1)	-0.7%
Operating profit	**25.1**	**92.8**	**121.3**	**30.7%**	**383.1%**	**106.1**	**214.0**	**101.7%**
Net finance cost	(9.6)	(8.1)	(0.2)	-97.0%	-97.4%	**(40.4)**	(18.4)	-54.6%
Zakat	0.0	0.0	0.0			**0.0**	0.0	
Associates	5.6	5.5	5.3	-4.9%	-5.8%	**21.7**	19.9	-8.6%
Pretax	**21.2**	**90.2**	**126.3**	**40.0%**	**495.7%**	**87.5**	**334.9**	**282.7%**
Tax	(4.5)	(17.7)	(41.2)	133.2%	815.9%	**(28.5)**	(91.6)	222.1%
PAT	**16.7**	**72.5**	**85.1**	**17.3%**	**409.4%**	**59.1**	**243.3**	**311.8%**
MI	(1.1)	14.1	15.0	6.0%	-1462.9%	**0.2**	46.6	22435.7%
Net profit	17.8	58.4	70.1	20.0%	293.7%	**58.9**	196.6	234.0%
Core net profit	**20.8**	**61.4**	**36.5**	**-40.5%**	**75.7%**	**63.3**	**170.0**	**168.6%**
Core EPS (sen)	1.61	4.74	2.82	-40.5%	-19.4%	4.88	13.12	8.2%
DPS (sen)	0.00	0.00	0.00			0.00	0.00	
EBITDA margin	49.3%	37.6%	49.6%			33.4%	22.3%	
Operating profit margin	5.0%	15.1%	18.5%			4.9%	8.6%	
Pretax margin	4.2%	14.7%	19.2%			4.0%	13.4%	
Effective tax rate	21.2%	19.6%	32.6%			32.5%	27.4%	
Core net profit margin	4.1%	10.0%	5.6%			2.9%	6.8%	
Dividend payout ratio	-	-	-			-	-	
MI rate	-	19.5%	17.6%			0.4%	19.2%	

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2022A	2023A	2025A	2026A	2027F
Revenue	1,726.3	2,280.8	3,292.5	2,490.7	2,988.8
Operating profit	200.6	142.5	183.2	214.0	395.6
PBT	203.4	147.9	148.8	334.9	392.7
Taxation	-61.2	-43.9	-55.6	-91.6	-116.6
PAT	95.3	57.9	75.7	243.3	207.1
MI	47.0	46.1	17.5	46.6	69.0
PATAMI	95.3	57.9	75.7	196.6	207.1
Core PATAMI	20.8	32.4	76.3	170.0	207.1
EPS (sen)	1.6	2.5	5.9	13.1	16.0
PER (x)	172.6	110.7	43.5	21.1	17.3
DPS (sen)	2.5	3.5	0.3	-	1.0
Dividend yield (%)	1.5	2.1	0.2	-	0.4

Cash Flow (RM'm)	2022A	2023A	2025A	2026F	2027F
PBT	203.4	147.9	148.8	334.9	392.7
Depreciation	387.1	410.6	834.6	404.4	401.9
Change in NWC	-118.1	104.8	-9.6	-12.5	-3.4
Operating cash flow	130.0	228.8	1,029.1	511.4	167.0
Capital expenditure	-49.4	-38.7	-81.9	-30.0	-30.0
Investing cash flow	-89.8	-62.6	-72.8	-45.1	-30.0
Debt raised/(repaid)	89.5	-137.9	-307.9	-94.4	-94.4
Dividends paid	-19.8	-27.7	-9.2	-36.2	-40.7
Financing cash flow	3.0	-292.4	-221.6	-178.8	-135.1
Net cash flow	43.2	-126.3	81.0	287.5	1.9
Beginning cash flow	201.9	245.4	4.4	184.8	473.0
Ending cash flow	388.9	279.0	184.8	473.0	419.8

Balance Sheet (RM'm)	2022A	2023A	2025A	2026F	2027F
PPE	250.6	314.6	299.4	295.8	316.4
ROU assets	1,470.3	1,273.0	1,827.9	1,173.0	873.0
Non-current assets	1,926.6	1,824.0	2,373.0	1,848.1	1,511.9
Trade receivables	552.0	506.8	583.5	616.9	594.8
Cash & bank balances	388.9	279.1	256.4	593.2	221.1
Current assets	1,357.8	1,155.6	1,251.7	1,513.8	1,204.2
Long-term debt	931.6	843.2	609.9	598.1	615.2
Non-current liabilities	1,293.8	1,203.3	1,202.8	667.9	575.3
Short-term debt	205.7	156.3	178.5	153.0	156.3
Trade payables	459.7	516.4	700.2	641.7	606.1
Current liabilities	1,033.5	765.4	1,376.8	1,417.8	855.1

Profitability Ratios (%)	2022A	2023A	2025A	2026A	2027F
Operating profit margin	11.6	6.2	5.6	8.6	13.2
PBT margin	11.8	6.5	4.5	13.4	13.1
PATAMI margin	5.5	2.5	2.3	7.9	6.9
Core PATAMI margin	1.2	1.4	2.3	6.8	6.9
ROA	0.6	1.1	2.1	5.0	6.7
ROE	2.2	3.2	7.3	13.7	16.6

Source: Bloomberg, MBSBR

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MBSB INVESTMENT BANK BERHAD): GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology